

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 947 - HB 1486**

April 10, 2019

**SUMMARY OF BILL:** Creates an exemption to the requirement to register a motor vehicle for a person who files a written statement with the local county clerk or the Department of Revenue (DOR) stating the registration conflicts with religious tenets and practices.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$6,344,100/Highway Fund  
\$1,208,400/General Fund  
\$93,400/Department of Environment and Conservation**

**Decrease Local Revenue - \$8,592,000**

**Assumptions:**

- The proposed legislation does not establish which religions would be exempt from the motor vehicle registration.
- The registration fee for a passenger motor vehicle is \$26.50.
- According to the DOR, there are approximately 5,700,000 passenger motor vehicles registered in Tennessee.
- Based on various statutory allocations of standard motor vehicle registration fees, it is estimated that approximately 84 percent of total registration fee collections is allocated to the Highway Fund and 16 percent is allocated to the General Fund. The General Fund allocation includes any vehicle registration fees that are earmarked for the Police Pay Supplement Fund, titling and registration system, and reflectorization of registration plates.
- It is estimated that five percent of the registered vehicle population would submit a religious exemption annually.
- A total recurring decrease of state revenue of \$7,552,500 ( $5,700,000 \times 5.0\% \times \$26.50$ ).
- The total recurring decrease of state revenue for the Highway Fund is estimated to be \$6,344,100 ( $\$7,552,500 \times 84.0\%$ ); and for the General Fund is estimated to be \$1,208,400 ( $\$7,552,500 \times 16.0\%$ ).
- It is assumed that the proposed legislation would also exempt such population from local wheel taxes.
- According to the County Officials Association of Tennessee (COAT), 59 counties currently levy a wheel tax in conjunction with vehicle registration renewal. The average wheel tax is estimated to be \$47.75.

- Counties levying a wheel tax account for approximately 62 percent (59/95) of all counties in Tennessee.
- A recurring decrease in local wheel tax revenue of \$8,437,425 ( $5,700,000 \times 5.0\% \times 62.0\% \times \$47.75$ ).
- It is assumed that vehicles exempt from the motor vehicle registration as a result of this legislation will also be exempt from motor vehicle inspection requirements under the Inspection and Maintenance (I/M) Program.
- Currently, Davidson, Hamilton, Rutherford, Sumner, Williamson, and Wilson counties have I/M Programs. Davidson County contracts with a vendor to perform vehicle inspections, while the other counties contract with the Department of Environment and Conservation (TDEC) who then contracts with a vendor.
- It is assumed that I/M Programs will remain in all six counties in the foreseeable future.
- Under TDEC's contract, TDEC receives \$2.80 of every inspection fee. TDEC retains \$1.80 and transmits \$1.00 to the county clerks in the applicable county.
- The population of the five counties under contract with TDEC represents 18.2 percent of the total Tennessee population. It is therefore assumed that 51,870 motor vehicles ( $5,700,000 \times 5.0\% \times 18.2\%$ ) will be exempt from inspection requirements as a result of this legislation.
- The recurring decrease in state revenue to TDEC is estimated to be \$93,366 ( $51,870 \times \$1.80$ ). The recurring decrease in local revenue is estimated to be \$51,870 ( $51,870 \times \$1.00$ ).
- Davidson County receives a portion of the inspection fee under its contract. Based on available information, it is assumed that Davidson County receives \$3.50 per vehicle.
- The population of Davidson County represents 10.3 percent of the total Tennessee population. It is therefore assumed that 29,355 motor vehicles in Davidson County ( $5,700,000 \times 5.0\% \times 10.3\%$ ) will be exempt from inspection requirements as a result of this legislation.
- The recurring decrease in local revenue to Davidson County is estimated to be \$102,743 ( $29,355 \times \$3.50$ ).
- The total recurring decrease in local revenue as a result of this legislation is estimated to be \$8,592,038 ( $\$8,437,425 + \$51,870 + \$102,743$ ).
- It is estimated that review of submitted statements for exemption can be accomplished by the local county clerk or the DOR within existing resources.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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